

600.0055

(916) 445-5550

March 28, 1990

Dear [REDACTED]

This is in response to your letter dated February 13, 1990 regarding whether marine cargo containers constitute watercraft entitled to exemption from sales or use tax under Revenue and Taxation Code sections 6368 and 6368.1.

Your client, [REDACTED] is engaged in the business of leasing marine cargo containers used exclusively in interstate and foreign commerce. [REDACTED] containers are occasionally located at depots within California. It is necessary at times to have these containers repaired in California. You argue that marine cargo containers should be regarded as watercraft entitled to the exemptions provided by sections 6368 and 6368.1 and that charges for goods and services incurred in repairing those containers are therefore also entitled to the exemptions from sales and use taxes.

We have previously considered the application of the watercraft exemption to cargo containers used by marine shipping companies, concluding that these containers do not constitute watercraft. (Business Taxes Law Guide Annot. 600.0040 (11/26/58). See also Annot. 715.0455 (3/22/74, 7/10/74).) We therefore conclude that the marine cargo containers about which you inquire do not constitute watercraft.

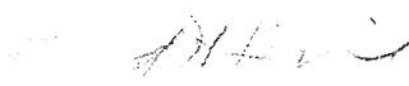
Since marine cargo containers do not constitute watercraft within the meaning of sections 6368 and 6368.1, the application of sales or use tax to the repair of marine cargo containers in California is governed by Regulation 1546, a copy

Mr. I

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of which is enclosed. If you have further questions, feel free to write again.

Sincerely,

  
David H. Levine  
Tax Counsel

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Enclosure

bc: Out-of-State District Administrator